

Scaling-up Green Lead Markets via the Industrial Accelerator Act

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Europe's Clean Industrial transition depends on the successful transformation of its energy-intensive industries. Heidelberg Materials is one of the world's largest building materials companies, leading the transformation of the construction industry by pioneering low-carbon and circular cement and concrete products. With our global product brands [evoBuild®](#) and [evoZero®](#), we are offering these products on the market already today. Deep decarbonization solutions, however, require large-scale investments in breakthrough technologies, such as Carbon Capture, Utilization and Storage (CCUS). Yet these remain capital-intensive and they are not yet fully supported by current market and regulatory framework conditions.

Heidelberg Materials welcomes the Industrial Accelerator Act (IAA). The Act must send a clear pre-2030 demand signal for low-carbon and near-zero materials to accelerate investments in deep decarbonization solutions, whilst remaining practical for public authorities.

1) Creating a public 'pull' for low-carbon products (Art. 10 and Annex II)

Significant emissions reductions at cement level are already achievable today through clinker substitution, alternative fuels and low-carbon energy. Leveraging on these techniques, a quarter of EU cement production is considered low carbon based on definitions developed by the International Energy Agency (IEA) (*below 500 kg CO₂/t cement*). However, market uptake remains limited due to several factors including preference with familiar and proven solutions and conversion costs. This is especially the case in public procurement, driving a third of direct cement and concrete sales in Europe on average.

To ensure sufficient market pull for low-carbon products, the IAA should set at minimum a **25% procurement target** for low-carbon cement and concrete – with progressing milestones every 5 years – and define low-carbon cement as **below 400 kg CO₂/t cement**.

Given that cement accounts for over 80% of concrete-related CO₂ emissions, prioritizing carbon intensity at cement level is the most direct decarbonization lever. Indeed, concrete-level metrics risks masking the use of higher-emission cement through mix design or material substitution. Thus, **cement should be explicitly included in the IAA target** in Annex II.

2) Unlocking investments in near-zero production (Art.10 and Annex II)

Whilst conventional decarbonization measures must be maximized, they alone are not sufficient to reach near-zero due to scalability and technical requirements. Deep decarbonization in cement production requires CCUS. Near-zero cements are slowly being introduced in the market while their business case is still seriously constrained by a considerable investment gap and lack of infrastructure roll-out.

To provide meaningful investment signals, specific incentives for near-zero cement are needed. This can be implemented via a **progressive sub-target of 2.5% near-zero cement and concrete**, starting in 2029 and progressing every 5 years. This corresponds to roughly 1-1.4 Mt/a of cement in 2029.

3) Defining and labelling low-carbon and near-zero products (Art. 10 and 35, Annex II)

Harmonized definitions and CO₂ labels should draw from existing best practices: [Cement Europe](#) adapted the **CO₂ classification system for cement** based on the IEA low-carbon thresholds. The scheme is already implemented in Germany as the voluntary Cement Carbon

Class (CCC) and can serve the Commission in developing environmental sustainability labelling requirements for cement. To be ambitious but realistic, the **near-zero cement definition** should be set below **100 kg CO_{2e}/t**, and the **low-carbon definition** up to **400 kg CO_{2e}/t** (Band C), with flexibility until 2035 to extend to band D (up to 500 kg CO_{2e}/t) to reflect national availability of raw materials and alternative fuels.

In parallel, harmonized definitions and labels for **low-carbon concrete** will support the applicability for contractors, as most public tenders include specifications on concrete.

4) Limit exemption clauses to preserve effectiveness (*Art.11 and 12*)

Exemptions are necessary to ensure that procurement rules remain implementable and compatible with public budget constraints. However, if cost-based thresholds are set too low, they risk weakening demand signals and delaying investment decisions. While low-carbon cement or concrete can carry a higher initial material cost, these materials make up a fraction of the total budget. Spreading these material premiums across the total project cost often results in a marginal overall increase (e.g., a 20% increase in material costs equates to only a 1% increase in a building's total costs).

To preserve both effectiveness and budget discipline, exemptions should thus be **assessed at project level** with a **lower threshold** (around 5%) using **Life-Cycle costing** (LCC) – a tool currently integrated in the existing Public Procurement Directive (EU 2015/24).

5) Recognize the transitional role of Chain-of-Custody models (*new Recital*)

Chain-of-custody (CoC) models play a critical de-risking role in scaling-up demand for near-zero cement, enabling broader market uptake without increasing transport costs or emissions. Without them, physical supply limitations could significantly delay the deployment of breakthrough technologies.

These models are already used in sectors such as renewable electricity and sustainable aviation fuels, and can be designed to ensure robust monitoring, reporting, and verification. Their inclusion under strict conditions in the updated SBTi Net-Zero Standard further demonstrates their growing acceptance as credible transition tools.

In our view, this must be urgently reflected in the on-going update of **product carbon accounting rules**, including in the revision of the Environmental Product Declaration (EPDs) rules for the construction sector (EN 15804).

6) Ensure a practical and targeted Union-origin approach (*Art. 8*)

To strengthen European industrial capacity, whilst developing an effective framework compatible with existing instruments, Union-origin provisions should focus on **clinker produced in EU ETS 1 installations**, as well as installations covered by linked systems (i.e. EEA and CH).

7) Ensure consistency across all public intervention (*Art. 12*)

Extending low-carbon requirements across different forms of public intervention (including subsidies and state aid) would significantly strengthen the steering effect of the IAA. Applying these requirements to a **substantial share of public spending (at least 70%)** would provide a strong signal while allowing some degree of national flexibility.

FAQs:

Why set the targets at both cement and concrete levels?

Setting targets at both cement and concrete levels is necessary to ensure environmental effectiveness while preserving practical flexibility in procurement. Cement accounts for most emissions in the concrete lifecycle (around 90%). As a result, relying solely on concrete-level metrics risks masking the use of higher-emission cement through mix design or material substitution, thereby diluting the actual decarbonization impact. Introducing a cement-level component ensures that decarbonization efforts target the main source of emissions, providing a more direct and effective lever for reducing CO₂. At the same time, maintaining concrete-level targets allows for swifter implementation in the public tendering process. In addition, the implementation of life-cycle targets on new buildings via the Energy Performance in Buildings Directive (EPBD) will ensure whole-building performance and maximization of decarbonization levers at building level.

Why do we need a target for low-carbon and for near zero?

Low-carbon cement products produced through conventional levers (e.g. CEM II and CEM III) are already available on the market today, yet their uptake remains limited due to customers preferences, conversion costs at the construction site, and regulatory barriers. While these products offer immediate emissions reductions, their large-scale deployment is constrained by the future availability of supplementary cementitious materials (SCMs) such as blast furnace slag, as well as technical and application-specific requirements. In parallel, near-zero cements enabled by carbon capture technologies are beginning to enter the market, but their business case remains challenged by significant investment needs and the slow roll-out of CO₂ transport and storage infrastructure.

A differentiated approach to public procurement targets helps align policy ambition with market maturity, while flexibility provisions can ensure usability for contracting authorities. This can be achieved via exemptions linked to product suitability and availability, cost-increases.

Crucially, low-carbon targets in public procurement should provide a **clear signal on expected public demand for low-carbon and near-zero cement**. Given that direct public procurement accounts on average for one-third of EU cement demand, the proposed 2.5% near-zero target would translate into approximately **1-1.4 Mt of cement annually by 2029**, broadly corresponding to the current CCS project pipeline in the European cement sector.

How can differentiated targets be implemented?

The near-zero target can be set as a **sub target** i.e. at least 25% concrete and cement is low carbon, of which a min of 2.5 percentage point meets the near-zero threshold (corresponding to 1 Mt).

Another option is to apply targets at **different levels of the procurement framework**: low carbon requirements at individual tender level, and near-zero targets at level of contracting authority through progressive annual portfolio targets. Given the diversity of national systems, the IAA should allow Member States flexibility on aggregation and monitoring, supported by adjustments to the EU Public Procurement Directive to enable performance-based specifications and award criteria, while maintaining legal certainty for contracting authorities.

What are Chain of Custody Models (CoC) and how can these be helpful in the transition?

Mass Balance (MB) is a CoC model that attributes specific environmental attributes of processed inputs to outputs within a defined process, site, or company boundary. Book and Claim (BAC) is a CoC model specifying how environmental attributes of processed inputs are attributed to products beyond a company's boundaries using a trading mechanism for Environmental Attribute Certificates (EAC).

Full decarbonization of cement production will occur progressively, as plant conversion depends not only on market readiness but also on technical, geographic, and regulatory factors. At the same time, given the local nature of cement markets, long-distance transport of decarbonized products increases emissions, costs, and operational constraints. To maintain momentum, additional flexibility is needed to strengthen the business case for net-zero technologies. Chain of-custody (CoC) models can play this transitional role, **enabling broader market uptake despite geographically concentrated production**. While considerations around traceability remain important, these models are standardized (ISO 22095) and can ensure robust verification. It is thus important that the upcoming revision of product accounting rules under EN 15804 acknowledges the role of such models. CoC models can be seen as a transitional mechanism, complementing – rather than replacing – physical traceability.

Doesn't your proposal increase national public budget constraints?

The aim is not to shift costs to public buyers, but to **de-risk early deployment and lower long term transition costs**. Demand-side measures reduce reliance on subsidies, while predictable demand is essential to make investments such as CCS bankable. At the same time, the impact on overall construction costs is expected to remain limited: even where near-zero cement carries a significant green premium at material level, it increases final construction costs by only around 1%, broadly comparable to other routine design choices such as façade selection ([Agora Industry, 2024](#)). Cost impacts can therefore be managed through gradual implementation and well-designed exemptions.

Doesn't your proposal add regulatory burden for national public authorities?

The proposal aims to streamline rather than increase administrative burden for public authorities. The IAA consolidates currently fragmented approaches into a more coherent EU framework. This system builds on the current use of CO₂ labels and standardized metrics, such as Environmental Product Declarations (EPDs) and Declaration of Performance and Conformity (DoPC), and transparent digital tools such as the Digital Product Passport (DPP) to simplify the assessment of construction materials and improve comparability across tenders.

While some adaptation may be required initially, harmonization of standardization at EU level – as driven by the Construction Product Regulation (CPR) – reduces complexity over time, by replacing divergent national methodologies and providing contracting authorities with clearer and more consistent tools for implementation.

Finally, this framework should be supported by adjustments to the EU Public Procurement Directive to facilitate the use of performance-based technical specifications and award criteria, while maintaining legal certainty for contracting authorities.